



Agricultural Marketing Service

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2023 Rates for Grain Inspection Services under the United States Grain Standards Act

AGENCY: Agricultural Marketing Service, Department of Agriculture (USDA).

ACTION: Notice.

SUMMARY: The Agricultural Marketing Service (AMS) is announcing the 2023 rates it will charge for official inspection and weighing services, supervision of official inspection and weighing services, and miscellaneous fees for other services performed under the United States Grain Standards Act, as amended. This action publishes the annual review of fees and the resulting fees.

DATES: Applicable April 1, 2023.

ADDRESSES: Prospective customers can find the fee scheduled posted on the Agency's public website: <https://www.ams.usda.gov/about-ams/fgis-program-directives>.

FOR FURTHER INFORMATION CONTACT: Denise Ruggles, FGIS Executive Program Analyst, USDA AMS; Telephone: 816-702-3897; Email:

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SUPPLEMENTARY INFORMATION: The United States Grain Standards Act (USGSA) provides the Secretary of Agriculture with the authority to charge and collect reasonable fees to cover the costs of performing official services and costs associated with managing the program. The regulations require that Federal Grain Inspection Service (FGIS) annually review the national and local tonnage fees, supervision fee, and fees for service (7 CFR 800.71).

Overview of Schedule A (official inspection and weighing services) fee calculations

The USGSA and its implementing regulations (7 CFR 800.71(a)(1)) require FGIS to maintain and operating reserve not less than 3 and not more than 6 months. To comply with this requirement, FGIS conducts an annual review of its tonnage fees and operating reserves. Tonnage fees are calculated according to 7 CFR 800.71(b)(1). After calculating the tonnage fees, FGIS reviews the amount of funds in the operating reserve at the end of the fiscal year (FY2022 in this case) to ensure that it has 4 ½ months of operating expenses. FGIS uses 4.5 months of expenses as its target amount because section 800.71(b)(3) of the regulations identifies 4.5 months as the trigger for whether FGIS should make adjustments to its fees. If the operating reserve has more, or less than 4 ½ months of operating expenses, then FGIS must adjust all Schedule A fees. For each \$1,000,000, rounded down, that the operating reserve varies from the target of 4 ½ months, FGIS will adjust all Schedule A fees by 2 percent. If the operating reserve exceeds the target, all Schedule A fees will be reduced. If the operating reserve does not meet the target, all Schedule A fees will be increased. The maximum annual increase or decrease in fees is 5 percent (7 CFR 800.71(b)(3)(i)-(ii)).

Tonnage fees for the 5-year rolling average tonnage were calculated on the previous 5 fiscal years (2018, 2019, 2020, 2021, and 2022). Tonnage fees consist of the national tonnage fee and local tonnage fee and are calculated and rounded to the nearest \$0.001 per metric ton.

Calculation of national tonnage fee. The national tonnage fee is the national program administrative costs for the previous fiscal year divided by the average yearly tons of export grain officially inspected and/or weighed by delegated States and designated agencies, excluding land carrier shipments to Canada and Mexico, and outbound grain officially inspected and/or weighed by FGIS during the previous 5 fiscal years.

The fiscal year 2023 national tonnage fee, prior to the operating reserve review, is \$0.031 per metric ton. The calculation of this fee is based on FY2022 national administrative costs of \$3,793,021, divided by 5-year rolling tonnage average of 121,598,996.

Table 1 – National Tonnage Inspected

Fiscal year	Metric tons
2018	129,687,652
2019	107,896,235
2020	110,090,771
2021	136,574,792
2022	123,745,530
5-year Rolling Average	121,598,996

Calculation of local tonnage fee. The local tonnage fee is the field office administrative costs for the previous fiscal year divided by the average yearly tons of outbound grain officially inspected and/or weighed by FGIS field offices during the previous 5 fiscal years.

Table 2 – Local Tonnage Inspected by Field Office

Field office	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	5-year rolling average
New Orleans	66,996,126	57,807,378	59,768,303	72,482,289	68,880,711	65,186,961
League City	8,424,216	7,939,994	9,318,595	12,877,525	8,335,121	9,379,090
Pacific Northwest	4,643,241	2,530,648	3,331,672	4,136,482	2,720,001	3,472,409
Toledo	1,802,762	1,597,584	948,840	1,154,856	1,191,938	1,339,196

The local field office administrative costs for fiscal year 2022 and the fiscal year 2023 calculated local field office tonnage fee, prior to the operating reserve review, are as follows:

Table 3 – Local Administrative Costs and Calculated Local Tonnage Fee by Field Office

Field Office	FY 2022 local administrative costs	Calculated FY 2023 local tonnage fee
New Orleans	\$1,372,632	\$0.021

League City	\$665,113	\$0.071
Pacific Northwest	\$414,143	\$0.119
Toledo	\$354,073	\$0.264

Operating reserve. In order to maintain an operating reserve that is not less than 3 and not more than 6 months of operating expenses, FGIS reviewed the value of the operating reserve at the end of FY 2022 to ensure that an operating reserve equivalent to 4 ½ months of operating expenses is maintained.

The program operating reserve at the end of fiscal year 2022 was \$3,036,951, with a monthly operating expense of \$2,983,587. The target of 4.5 months of operating reserve is \$13,426,143. Therefore, the operating reserve is less than 4.5 times the monthly operating expenses by \$10,389,192. For each \$1,000,000, rounded down, above the target level, all Schedule A fees must be increased by 2 percent. The operating reserve is \$10.4 million below the target level, implying a 20 percent increase in fees is required. However, section 800.71(b)(3)(i) limits annual fee changes to 5 percent, which will not increase the operating reserve to the minimum statutory amount of 3 times the monthly operating expenses. In addition to this fee adjustment, and pursuant to section 800.71(c) of the regulations and § 7(j)(4) of the USGSA, FGIS is reviewing all fees to ensure they reflect the true costs of providing and supervising official service.

In this notice for 2023, FGIS is increasing all the 2022 Schedule A fees for service in Schedule A in paragraph (a)(1) by 5 percent, including calculated fiscal year 2023 national and local tonnage fees. All Schedule A fees for service are rounded to the nearest \$0.10, except for fees based on tonnage or hundredweight. Schedule A fees will be outlined in FGIS Directive 9180.74 and published on the agency's public website. For example, national and local tonnage fees are adjusted as follows:

Table 4 – National Tonnage Fee with Operating Reserve Adjustment and FY2022 Fee

Fee Description	Calculation with operating reserve adjustment	Calculated FY 2023 tonnage	FY 2022 tonnage fee
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		fee	
National (Delegated States/Designated Agencies)	\$0.031 plus 5% increase (\$0.002) equals \$0.033	\$0.033	\$0.057

Table 5 – Field Office Tonnage Fee with Operating Reserve Adjustment and FY2022 Fee

Fee Description	Calculation with operating reserve adjustment	Calculated FY 2023 tonnage fee (national + local)	FY 2022 tonnage fee
New Orleans	local fee \$0.021 plus 5% increase (\$0.001) equals \$0.022	\$0.055	\$0.077
League City	local fee \$0.071 plus 5% increase (\$0.004) equals \$0.075	\$0.108	\$0.102
Pacific Northwest	local fee \$0.119 plus 5% increase (\$0.006) equals \$0.125	\$0.158	\$0.198
Toledo	local fee \$0.264 plus 5% increase (\$0.013) equals \$0.277	\$0.310	\$0.181

7 CFR 800.71(a)(2) Schedule B calculations

FGIS calculates the supervision tonnage fee using the prior year's actual costs and the 5-year average tonnage of domestic U.S. grain shipments inspected, weighed, or both, including land carrier shipments to Canada and Mexico.

Operating reserve adjustment. In order to maintain an operating reserve not less than 3 and not more than 6 months, FGIS reviewed the value of the operating reserve at the end of FY 2022 to ensure that an operating reserve of 6 months is maintained.

The operating reserve adjustment is the difference between FY 2022 ending reserves and the operating reserve threshold, which is equivalent to 6 months of supervisory costs. FY 2022 supervision costs were \$1,227,210. The operating reserve threshold for FY 2023 is calculated by dividing FY 2022 supervision costs by 2 (\$1,227,210 / 2 = \$613,605). FY 2022 operating reserve ending balance (\$1,201,070) exceeds the operating reserve threshold (\$613,605) by \$587,465. Therefore, the operating reserve adjustment for calendar year 2023 is -\$587,465.

Supervision tonnage fee. FGIS adds the total prior year supervision costs and the operating reserve adjustment, then divide the result by the previous 5-year average tonnage. If the calculated fee is zero or a negative value, FGIS will suspend collection of supervision tonnage fees for the next calendar year.

The supervision tonnage fee for calendar year 2023 is \$0.003 per ton. The calculation, based on FY 2022 supervision costs of \$1,227,210, is \$1,227,210 plus the operating reserve adjustment of -\$587,465, which equals \$639,745, divided by 5-year average tonnage of 227,390,200, which equals \$0.003 per ton.

Table 6 – Tonnage Supervised

Fiscal year	Metric tons
2018	234,298,085
2019	206,693,881
2020	237,649,430
2021	232,738,700
2022	225,570,903
5-year Rolling Average	227,390,200

Therefore, for 2023, FGIS will assess supervision tonnage fee of \$0.003 per ton on domestic shipments officially inspected and/or weighed, including land carrier shipments to Canada and Mexico, performed by delegated States and/or designated agencies on or after April 1, 2023. The Schedule B fee will be published in FGIS Directive 9180.74 and on the agency's public website.

7 CFR 800.71(d) Miscellaneous fees for other services calculations

Registration certificates and renewals. FGIS calculates the application fee by multiply the Schedule A non-contract hourly rate (Table 1 in § 800.71(a)) by a quantity of five. The resulting fee is expected to cover FGIS personnel costs to review applications, fee publication expenses, and administrative expenses. The Schedule A non-contract hourly rate is \$69.50. Thus, the application fee for 2023 will be \$69.50 times 5, or \$347.50. The fee will be published on the agency's public website after **Federal Register** publication.

Designation amendments. FGIS calculates the rate using the **Federal Register** publication rate for three columns, plus one hour of noncontract hourly rate from § 800.71(a) Table 1 of Schedule A. The fee covers FGIS personnel costs, administrative expenses, and **Federal Register** publication costs. The **Federal Register** publication rate \$151 per column and the Schedule A non-contract hourly rate is \$69.50. FGIS calculates the fee will be \$522.50 for calendar year 2023. The fee will be published on the agency's public website after **Federal Register** publication.

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